



THE DEPUTY SECRETARY OF DEFENSE  
WASHINGTON 25, D. C.

AUG 7 1964

Honorable Olin D. Johnston  
Chairman, Committee on  
Post Office and Civil Service  
United States Senate  
Washington, D. C.

Dear Mr. Chairman:

I wish to extend my congratulations for your efforts and those of your Committee in behalf of the Government Employees Salary Reform Act of 1964. This very important measure will do much for retaining and attracting the caliber of people so necessary for an efficient and effective government.

One aspect of the Act, however, has created a problem in this Department. The pay increases are retroactive to the first pay period after 1 July for Federal classified and postal employees, legislative and judicial workers, District Government classified employees, Federal executives, Foreign Service personnel, and Veterans Administration's department of medicine and surgery employees. The Act makes no provision, however, for extending the retroactive portion of the pay increases to those employees whose salaries are established by administrative action. In the absence of such specific authority, therefore, employees of the National Security Agency, for example, a critical defense agency of the Department of Defense, will not receive retroactive increases. Similarly, employees of the Central Intelligence Agency will not benefit from the retroactive provision. This disparity of treatment will be disconcerting to those employees in view of repeated statements in the press that the pay raise will be given retroactively to employees of the Executive Branch. A significant morale problem can result in vital areas of our national intelligence community.

I understand that both the Senate and House conferees desired to correct this situation when it was called to their attention by the Central Intelligence Agency. I am advised, however, that the insertion of appropriate authorizing language, such as that proposed by the Central Intelligence Agency and strongly endorsed by the Department of Defense, was not feasible in the conference consideration of the bill. Nevertheless, I believe that you share my view that all employees of the Executive Branch should be treated in similar fashion under the Act.

I, therefore, respectfully request your favorable consideration of a proposal to insert in appropriate legislation language authorizing retroactive salary increases for Federal employees whose salaries are set administratively but in accordance with the statutory compensation schedule for the General Schedule. A draft of suggested language is enclosed. I am advised that the Director of Central Intelligence is also writing you on this matter.

The Bureau of the Budget advises that they have no objection to the submission of this letter and its enclosure from the standpoint of the Administration's program.

I shall be grateful for your assistance.

Sincerely yours,

Signed  
CYRUS R. VANCE